

December 17, 2014

Secretary Sylvia Matthews Burwell
Department of Health and Human Services
330 Independence Avenue SW
Washington, DC 20201

Dear Secretary Burwell,

On behalf of the nearly 30 million Americans living with diabetes and the 86 million more with prediabetes, the American Diabetes Association (Association) provides the following comments and recommendations regarding Arizona's proposed section 1115 waiver amendment.

According to the Centers for Disease Control and Prevention, over 520,000 adults in Arizona have diabetes. Access to affordable, adequate health coverage is critically important for all people with, and at risk for, diabetes. When people are not able to afford the tools and services necessary to manage their diabetes, they scale back or forego the care they need, potentially leading to costly complications and even death.

Adults with diabetes are disproportionately covered by Medicaid.¹ For low income individuals, access to Medicaid coverage is essential to managing their health. As a result of inconsistent access to Medicaid across the nation, these low income populations experience great disparities in access to care and health status, which is reflected in geographic, race and ethnic differences in morbidity and mortality from preventable and treatable conditions. For example, a recent study conducted in California found "amputation rates varied tenfold between the highest- and lowest-income neighborhoods in the state."² Medicaid expansion made available through the Affordable Care Act (ACA) offers promise of significantly reducing these disparities. As such, the Association strongly supports Arizona's decision to accept federal Medicaid funding to extend eligibility for the program. We do, however, have concerns regarding some of the provisions in the proposed amendment to the section 1115 waiver, and provide the following comments to help ensure the needs of low-income individuals with diabetes are met by the state's Medicaid program.

Premium Requirements May Deter Enrollment in Medicaid

The Association is concerned with the premium requirements proposed in the section 1115 waiver amendment. In general, cost-sharing deters individuals from seeking medical care, while premium requirements deter individuals from enrolling in coverage. According to a recent study conducted by staff at the Agency for Healthcare Research and Quality (AHRQ), a premium increase of \$10 per month is associated with a decrease in public coverage of children in families with incomes above 150% of the federal poverty level (FPL), with a greater decrease in coverage for those below 150% FPL.³ The price sensitivity of households with low incomes *must* be a consideration when imposing premium or co-payment requirements for any public health program.

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Diabetes Information

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The Mission of the American

Diabetes Association is to prevent and cure diabetes and to improve the lives of all people affected by diabetes.

Under the proposed amendment to Arizona's section 1115 waiver, Arizona is proposing to require non-disabled adults earning between 100% and 133% FPL to pay monthly premiums of "not more than two percent of the person's household income." Unfortunately, the state's waiver amendment proposal is lacking in many details regarding this premium requirement. First, it does not specify exactly what the premium amounts will be—it only specifies they will not exceed 2% of household income. In addition, the waiver application does not specify how the premium amounts will be calculated. If each individual is required to pay a percentage of his income, will that be calculated based on monthly income? Finally, what processes will Arizona have in place for enrollees who are unable to make a premium payment? The Association urges HHS to require all of these details from Arizona, and to ensure they are in compliance with federal regulations before approving this section 1115 waiver amendment.

Further, even though the waiver amendment proposal does not specify what the premium amounts will be, the Association is concerned any proposed monthly contribution amounts may deter individuals from obtaining Medicaid coverage, negating the benefits of extending eligibility to the new adult group. If Arizona is to charge the maximum of 2% of household income each month, an individual earning 110% FPL would be required to pay a premium of approximately \$21.40 each month. Based on the results of the AHRQ study previously mentioned, premiums of this amount are likely to deter enrollment in the state's Medicaid program.

According to Kaiser Family Foundation, as a result of Arizona's decision to extend eligibility for its Medicaid program to the new adult eligibility group, about 30% of the state's uninsured adults are now eligible for Medicaid.⁴ It would be a great disservice to Arizona residents if these proposed changes undo the excellent work the state has done to ensure every resident of Arizona has access to adequate, affordable health care. The Association wants this momentum to continue, but also wants to ensure all Medicaid beneficiaries in Arizona—including those in the new adult eligibility group—are able to enroll in and maintain coverage under the program. **Therefore, we recommend CMS ensure the premium payment amounts Arizona is proposing will not deter enrollment in the state's Medicaid program.**

We appreciate the opportunity to provide comments on Arizona's proposed section 1115 waiver amendment. If you have any questions, please contact me at lmciver@diabetes.org or (703) 299-5528.

Sincerely,



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¹ Kaiser Commission on Medicaid and the Uninsured, The Role of Medicaid for People with Diabetes, November 2012. Available at http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8383_d.pdf

² Stevens CD, Schriger DL, Raffetto B, et. al, Geographic Clustering of Diabetic Lower-Extremity Amputations in Low-Income Regions of California, 8 Health Affairs 33, August 2014

³ Abdus S, Hudson J, Hill SC, Selden TM, Children's Health Insurance Program Premiums Adversely Affect Enrollment, Especially Among Lower-Income Children, 33 Health Affairs 8, August 2014

⁴How will the Uninsured in Arizona Fare Under the Affordable Care Act?, Kaiser Family Foundation, January 2014. Available at <http://kaiserfamilyfoundation.files.wordpress.com/2013/12/8531-az.pdf>.